

~~SECRET~~

DRAFT

OD/ORR:WNMorell,Jr.:wxn

3 July 1967

*Typed in
final
13 July 67
Sw.*

Mr.
~~The Honorable~~ Townsend Hoopes
Deputy Assistant Secretary
International Security Affairs
Department of Defense

Dear Mr. Hoopes:

Mr. Smith has asked that I respond to your ~~note~~ ^{letter} of 31 May 1967
(Reference: I-23225/67). We have been examining the availability
of information relating to your proposal, but were sidetracked
somewhat by the Middle East crisis.

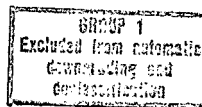
Your impression that there is little data readily available con-
cerning the full range of operations of large U.S. companies in
Western Europe is shared by our analysts here. We are following
on a continuing basis the role of U.S. direct investment and
technology in Western Europe. ^{However, because} but we do not follow closely the
activities of individual U.S. firms, ^{we} ~~and, therefore,~~ can not respond
directly to the questions posed in your letter, ~~to Mr. Smith. We~~
^{Arrangements have been made} Arranged with Art Barber to have of our Office of
Economic Research talk with Mr. Alfred Rubin and Mr. Charles Nichols
to explore what might profitably be done with the data available.

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As you may know, we recently prepared a paper at Art Barber's
request outlining the contribution of U.S. commodity exports and
U.S. technology to the French advanced weapons program. I believe
we can also be helpful on the broader question of the economic

OSD REVIEW COMPLETED

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effects in Western Europe of U.S. investment and technology. Our economic research program for ^{FY-1968} ~~the next Fiscal Year~~ will include^s a project on this general subject. ~~We will try to shape the terms of reference to~~ ^{which will} take account of some of the more aggregative aspects of the questions raised by your letter.

Sincerely,

ASSISTANT Edward W. Proctor
1 ~~Action~~ Deputy Director for Intelligence

SECRET

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TO	NAME AND ADDRESS	DATE	INITIALS		
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2	Ch/ERA				
3	for action				
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ACTION		DIRECT REPLY		PREPARE REPLY	
APPROVAL		DISPATCH		RECOMMENDATION	
COMMENT		FILE		RETURN	
CONCURRENCE		INFORMATION		SIGNATURE	
Remarks:					
<p>Per our conversation, please draft a reply to Hoopes for Mr. Smith's signature spelling out what we are prepared to do and what we cannot do in response to his request.</p>					
FOLD HERE TO RETURN TO SENDER					
FROM: NAME, ADDRESS AND PHONE NO.				DATE	
O/DDI				2 June	
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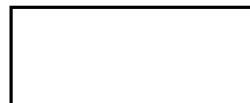
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OPTIONAL FORM NO. 10

UNITED STATES GOVERNMENT

SECRET

Memorandum

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TO :

[REDACTED]

OPDI

In Proctor -

*this looks about
right to me*

DATE: 5 July 1967

FROM : D/OER

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SUBJECT:

Dick: I am sending this first to you rather than to Ed Proctor because you know the background. I have attached a proposed letter from Ed Proctor to Hoopes responding to Hoopes' request. The heat might be off this a bit in view of the fact that Barber is leaving ISA shortly.

As I told you, I had not agreed with Barber that we would do anything on the operations of large U.S. companies, but I thought we might be able to provide some material on the contribution of direct U.S. investment.

[REDACTED]
William N. Morell, Jr.

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INTERNATIONAL SECURITY AFFAIRS

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ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

DDI-1862-67

31 MAY 1967

In reply refer to
I-23225/67

Mr. R. J. Smith
Deputy Director, Intelligence
Central Intelligence Agency
Washington, D. C.

Dear Mr. Smith:

I understand that Bill Morrell and Art Barber had a profitable discussion about the problems of reporting on the operations of large US companies in Western Europe.

There seems to be little information available concerning the full range of operations of these concerns in Western Europe and the limited data does not touch on much of the impact of their activities.

I would appreciate it very much if you would review the operations of large American corporations in Western Europe in the last three to four years and estimate future trends including investments per company by country, the outflow of US capitals, inflow to the US from earnings, and possible conflicts between US corporations and European governments.

Such a study would also be of interest to State and Commerce who would, I'm sure, desire copies.

With best wishes.

Sincerely,

Townsend Hoopes
Deputy Assistant Secretary

2 JUN 1967

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